Senate Budget and Fiscal Review—Denise Ducheny, Chair

SUBCOMMITTEE NO. 4 Agenda

Senator Mike Machado, Chair
Senator Robert Dutton
Senator Christine Kehoe

Thursday, May 10, 2007
10:00 a.m. or Upon Adjournment of Session
Room 112

Consultant: Bryan Ehlers

"A" AGENDA

Item Number and Title **Page**

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Departments with Issues Proposed for Vote-only

1955 Department of Technology Services

The Department of Technology Services (DTS) was created in 2005 by the reorganization and consolidation of the Stephen P. Teale Data Center (Teale), the Health and Human Services Data Center (HHSDC), and certain telecommunications functions of the Department of General Services. The DTS serves the common technology needs of state agencies and other public entities. The DTS maintains accountability to customers for providing secure services that are responsive to their needs and represent best value to the state. Funding for DTS is provided by contracts with other state departments.

1. BCP: Augmentation to Support Implementation of the Financial Information System for California (FI$Cal). The DTS budget includes a request for $352,000 (special funds) and 3.0 positions to support the implementation of the Department of Finance's Financial Information System for California (FI$Cal), a nine-year IT project with an overall estimated price tag of more than $1.3 billion. The new system is an enterprise-wide approach to addressing eventual obsolescence in 11 key fiscal management areas, including budgeting, accounting, procurement, cash management, financial management, financial reporting, cost accounting, asset management, project accounting, grant management, and human resources management.

Staff Comment: The Subcommittee previously denied the FI$Cal project at the Department of Finance budget hearing.

Staff Recommendation: DENY the request.

2. April Finance Letter: Governor's Office IT Support. The DTS requests 3.0 permanent positions and $284,000 (Department of Technology Services Revolving Fund) to provide information technology (IT) support to the Governor's Office.

Staff Comments: The Governor's Office (GO) and the Governor's Office of Planning and Research (OPR) represent 257 IT users, but are supported by only 6.5 IT staff (5.5 budgeted within the GO and 1.0 in the OPR). The DTS maintains that this ratio of IT support staff-to-users is low relative to other constitutional offices and the GO's IT support workload justifies the positions requested.

The DTS indicates that much of the work justifying these positions has to do with "centralized" IT support similar to work that the DTS provides for those systems that reside at the data center. As DTS employees and civil servants, the department believes the requested positions would provide core technical expertise that would provide continuity to the next administration. The DTS notes that this arrangement would be similar to contracted fiscal services which are provided by the Department of General Services.

Staff Recommendation: APPROVE the request.

STAFF RECOMMENDATION ON VOTE-ONLY ISSUES 1 and 2: DENY Issue #1 and APPROVE Issue #2.

VOTE:

Departments with Issues Proposed for Discussion

0845 Department of Insurance

Under the leadership of the state's Insurance Commissioner, the Department of Insurance regulates the largest insurance market in the United States with over $118 billion in direct premiums written in the state. The Department conducts examinations and investigations of insurance companies and producers to ensure that operations are consistent with the requirements of the Insurance Code and those insurance companies are financially able to meet their obligations to policyholders and claimants. The Department also investigates complaints and responds to consumer inquiries; administers the conservation and liquidation of insolvent and delinquent insurance companies; reviews and approves insurance rates; and combats insurance fraud.

The Governor's budget funds 1,263.4 positions (no new positions) and expenditures of $209.0 million, programmed as follows:

VOTE-ONLY ISSUES:

1. April Finance Letter: Department of Technology Services Rate Increase. The CDI requests $195,000 (Insurance Fund) ongoing to fund the rate increases for database application services provided by the Department of Technology Services.

2. April Finance Letter: Disability and Healthcare Insurance Fraud Program. The CDI requests 4.0 positions (2.0 permanent and 2.0 one-year limited-term) and $1.2 million (Insurance Fund), including $822,000 in Local Assistance ($411,000 ongoing) and $403,000 in State Operations ($187,000 ongoing). Local Assistance funding would support local District Attorneys to prosecute Disability and Healthcare Insurance Fraud Program cases, while the additional investigator positions would enable the CDI to address disability and healthcare suspected fraudulent claims (SFCs) that are currently dropped due to lack of resources.

Staff Comments: California Insurance Code Section 1872.85 requires every admitted disability insurer to pay an annual fee of up to ten cents ($0.10) for each insured under an individual or group insurance policy it issues. The code section further specifies that the assessment is to fund increased investigation and prosecution of fraudulent disability insurance claims, with 50 percent of the funds received to be distributed by the Insurance Commissioner to the CDI Fraud Division and 50 percent to be distributed to local district attorneys (DAs) for investigation and prosecution of disability insurance fraud cases. Staff notes that the CDI requires expenditure authority to use these assessed funds.

The CDI indicates cases will be closed due to lack of resources if the request is not approved (306 were closed in fiscal year (FY) 2005-06 for this reasons), and this program boasts a high historical return on investment—DAs reported $40 in chargeable fraud for each $1 invested in FY 2005-06.

STAFF RECOMMENDATION ON VOTE-ONLY ISSUES 1 and 2: APPROVE the requests.

VOTE:

DISCUSSION ISSUES:

1. BCP: Increase to Local Assistance Workers' Compensation Spending Authority. The California Department of Insurance (CDI) requests $1.3 million (Insurance Fund) ongoing to fund increased investigations and prosecution of workers' compensation fraud. This augmentation would raise the size of this annual subvention to local district attorneys to $22.7 million (Insurance Fund). The need for an additional assessment on insurers for this activity was decided by the Governor-appointed Fraud Assessment Commission in December 2005.

Staff Comment. This issue was considered last year and approved for one year only, based on the understanding that a broad-based workers compensation study, also approved as part of the 2006-07 Budget, would be completed in 2007. The study was recommended by an April 2004 Bureau of State Audits report and was intended to measure the extent of workers' compensation fraud and the emerging trends. Staff notes that existing fraud-program efforts address Suspected Fraudulent Claim (SFCs) referrals made by various sources, including insurance carriers, informants, witnesses, law enforcement agencies, fraud investigators, and the public. However, in the CDI's own words:

> *The number of SFCs received by the [CDI] Fraud Division represents only a small portion of suspected insurance fraud, and does not necessarily reflect the whole picture of fraud/abuse. Many fraudulent activities may not have been identified or investigated.*

By determining the extent of workers' compensation medical overpayments and underpayments (of all types, including waste, abuse, billing and processing errors, and suspected fraud), the aforementioned study will provide justification for this particular expenditure and recommendations on where workers' compensation fraud investigations and prosecution funding should be allocated.

Through inadvertent error, the completion date of the study was specified in a prior agenda as 2007, when in actuality the study will not be completed until April 2008. Consequently, the same action taken last year, augmenting the local assistance subvention for this anti-fraud activity for a limited-term (rather than an ongoing appropriation), is again appropriate. Because the study will not be available in time to inform the 2008-09 budget process, the Subcommittee may wish to consider approving the requested funding for two years only.

Staff Recommendation: APPROVE the $1.3 million augmentation for two years only.

VOTE:

2. April Finance Letter: Worker's Compensation Insurance Fraud Program. The CDI requests 6.0 permanent positions and $3.7 million (Insurance Fund) for the following purposes: (1) a $2.4 million permanent increase in Local Assistance to support local District Attorney fraud prevention workload; (2) $750,000 one-time to expand a research study on measuring and addressing insurance fraud; and (3) $625,000 to fund additional investigators and an auditor to process workload in the Workers' Compensation Insurance Fraud Program (Program).

Staff Comments: The lion's share of the dollars requested in this Finance Letter would go for the same purpose as the funds requested in the BCP above (Issue #1)—to provide Local Assistance grants to District Attorneys investigating and prosecuting alleged fraudulent claims. Staff notes that the Fraud Assessment Commission (FAC) has already approved assessments sufficient to generate revenues to support the requested increase in expenditure authority, and the FAC believes the workers' compensation anti-fraud program would lose momentum if this request is not approved, as hundreds of cases are closed annually due to a lack of resources (for example, 2,086 in 2005-06).

The remaining $1.3 million requested would fund: (1) a $750,000 expansion of the study mentioned above (in Issue #1); and (2) 6.0 additional personnel (Fraud Investigators and an Auditor). The expansion of the study would include additional research in two areas not covered under the current medical overpayment and underpayment study—excessive medical treatment by medical providers and the failure to provide sufficient medical treatment to injured workers. As for the additional personnel, the CDI estimates that 57.0 additional positions are needed based on the 2,086 SFCs reported but dropped for lack of resources in 2005-06; however, the request for 6.0 positions reflects the number supportable with available funding.

As noted in the staff comments above (Issue #1), existing anti-fraud efforts are targeted using SFCs reported by various entities. However, these reports almost certainly do not represent the entire universe of insurance fraud, and the CDI cannot be certain that the SFCs even identify the most egregious instances of fraud. In order to ensure that limited anti-fraud resources are put to the highest and best use (namely, targeting the most egregious/highest profile instances of fraud), staff believes the state would be well-advised to postpone the commitment of additional permanent funds to anti-fraud efforts until the aforementioned study has been released.

According to the CDI, the impending study will be used as only one component to assist the FAC in determining how best to address workers' compensation insurance fraud. The CDI maintains that the limited scope of the study will limit the applicability of its results in terms of targeting the requested anti-fraud funding. On this basis, the CDI strongly believes the requested funding should be approved on a permanent basis. However, staff notes that this Subcommittee's original approval of the study funding was based upon the belief, reflected in the April 6, 2006 agenda, that the study would focus on "measuring the extent of workers' compensation insurance fraud and identifying the emerging fraud trends in that area." Thus, the Subcommittee clearly intended that the study play a significant role in targeting anti-fraud efforts. Staff notes that the CDI's current request for additional funds to expand the study provides all the more reason that permanent funding should be tied to the study's results.

Staff Recommendation: APPROVE the request for two years only.

VOTE:

0890 Secretary of State

The Secretary of State (SOS), a constitutionally established office, is the chief election officer of the state and is responsible for the administration and enforcement of election laws. The office is also responsible for the administration and enforcement of laws pertaining to filing documents associated with corporations, limited partnerships, and the perfection of security agreements. In addition, the office is responsible for the appointment of notaries public, enforcement of notary law, and preservation of certain records with historical significance. All documents filed with the office are a matter of public record and of historical importance. The Secretary of State's executive staff determines policy and administration for Elections, Political Reform, Business Programs, Archives, and Information Technology and Management Services Divisions.

The Governor's budget funds 477.3 positions (including 15.0 new positions) and budget expenditures of $92.6 million ($36.2 million General Fund).

VOTE-ONLY ISSUES:

1. BCP: Secretary of State Headquarters Repair and Shift to an Individual Rate Building. The Secretary of State requests $1.7 million to effect repairs to the Secretary of State's headquarters building in Sacramento, including replacement of the building roof, the establishment of a special repairs fund, and $15,000 for recurring maintenance for the security keycard system. The Secretary of State also requests to shift the annual budgeting of the headquarters building to an individual rate building, which will enable the establishment of a special repairs reserve account to fund future repairs to the building.

Staff Comments: This item was heard previously but was held open pending a decision on the conforming issue in the DGS budget, which was subsequently approved.

STAFF RECOMMENDATION ON VOTE-ONLY ISSUE 1: APPROVE the request.

VOTE:

DISCUSSION ISSUES:

1. Revised Spending Plan for Help America Vote Act Expenditures. The Governor's Budget includes $10.6 million in federal fund spending authority to continue implementing the Help America Vote Act (HAVA) in accordance with a revised expenditure plan. A total of $369 million in federal funds has been appropriated to California for voter equipment replacement, voter education, and related activities. Of the $10.6 million requested for expenditure in the budget, $6.4 million will be used to begin implementing the VoteCal statewide voter database, $1.1 million to provide election assistance for people with disabilities, $1.9 million for administration, and $1.2 million for other elections-related activities.

Staff Comments: Previously, the Subcommittee heard discussion on this issue, including the LAO's recommendation to reduce the SOS budget by 2.5 PYs (concentrated in legal, media, and contract preparation work) and $308,000 in administrative expenses to reflect the slow-down in HAVA workload. This reduction would leave 7.5 PYs to close out the remaining workload other than the ongoing database project, and would increase the HAVA reserve for any database cost increases or future operating costs.

In previous testimony, the SOS opposed the LAO plan and the Chair requested that the department provide a revised position and funding reduction proposal as an alternative to the LAO recommendation. In response, the SOS submitted the following:

HAVA Activity	Budgeted PY	Timesheet hours through Feb 2007	Projected Mar – June 2007	Total actual & projected	Savings
HAVA Coordinator	1	0.67	0.33	1.00	0.00
Administration (Contracts, Budgets, Accounting, Personnel, Training, etc.)	3	1.49	1.1	2.59	0.41
Legal	1	0.23	0.3	0.53	0.47
Communications and Media	0.5	0.27	0.10	0.37	0.13
HAVA Elections and General	4.5	2.35	1.70	4.05	0.45
Totals	10.00	5.00	3.53	8.53	1.47

The SOS acknowledges that 2007-08 may see a reduction in the overall hours charged to HAVA activities and agrees to a $152,000 reduction (based on the estimated 1.5 PY savings shown above); however, the SOS maintains its contracts and accounting will increase due to VoteCal procurement and county contracts and invoices. The SOS also cites an additional reporting requirement stemming from the EAC's final audit and increasing HAVA Elections and General workload due to the Top-to-Bottom and Source Code Review. Additionally, the SOS anticipates an ongoing need for media staff to continue its voter education program and respond to inquiries for both the ongoing testing and the Top-to-Bottom Review of voting systems. The SOS also expects legal workload related to reviews and changes to regulations will continue into the future as federal guidelines are modified.

Staff notes that the LAO recommendation is based on the most recent HAVA Spending Plan, submitted in April 2006, which shows no administrative expenditures in 2008-09. The LAO's assumption is that the SOS would naturally experience a "ramping down" of HAVA administrative activities during 2007-08 in order to arrive at zero in 2008-09. However, the SOS now indicates the assumption of zero administrative expenditures reflected in the April 2006 HAVA Spending Plan was based on inadequate timesheet data and was therefore inaccurate.

Although the SOS is in a better position than the Legislature to identify its personnel needs, staff notes that the HAVA Spending Plan provides the only firm basis for the Legislature to evaluate HAVA staffing and funding. Therefore, using the most recent HAVA Spending Plan as an analytical anchor (without prejudice to the SOS's contentions above), staff is inclined to accept the LAO analysis and recommendation. Staff notes that the Legislature may revisit this issue if and when a new HAVA Spending Plan becomes available.

Staff Recommendation: APPROVE the LAO recommendation to reduce the SOS HAVA budget by $308,000.

VOTE:

1760 Department of General Services

The Department of General Services (DGS) provides management review and support services to state departments. The DGS is responsible for the planning, acquisition, design, construction, maintenance, and operation of the state's office space and properties. It is also responsible for the procurement of materials, data processing services, communication, transportation, printing, and security. The Governor's budget funds 3,703 positions (including 67.5 new positions) and $1.2 billion in expenditures, of which $9.2 million is from the General Fund.

VOTE-ONLY ISSUES:

1. April Finance Letter: Board of Equalization – Individual Rate Building. The DGS requests $1.4 million to set up and fund the Board of Equalization building located at 450 N Street, Sacramento as an Individual Rate Building based on the sale of the building to the DGS.

Staff Comments: This request conforms to a companion request by the BOE that is recommended for vote-only approval.

2. April Finance Letter: Printing and Mailing Workload. The DGS requests 19.0 positions to meet new publishing workload resulting from a recent court decision and closure of the Department of Health Services (DHS) reproduction operation, and to support the mailing requirements of the Department of Child Support Services (DCSS) Statewide Child Support System project.

Staff Comments: The recent Superior Court ruling that Government Code Section 14612.5 is unconstitutional is anticipated to significantly restrict the previous practice of the state contracting with the private sector for printing, resulting in agencies seeking increased printing services from the Office of State Publishing (OSP) at DGS, the state's primary printing provider.

STAFF RECOMMENDATION ON VOTE-ONLY ISSUES 1 and 2: APPROVE the requests.

VOTE:

DISCUSSION ISSUES:

1. BCP: Support for the Governor's Executive Orders on Energy Efficiency and Green Buildings. The Administration requests 5.0 positions and $428,000 (Service Revolving Fund) to support the Bureau of Property Management's (BPM) implementation of Executive Orders S-12-04 and S-20-04 which require DGS to reduce energy purchases for state-owned buildings and to design, build, and operate "greener" buildings.

Staff Comments: This issue was heard previously, and the discussion focused on whether or not (and how) this proposal fits within a comprehensive plan on the part of the Administration to implement Chapter 488, Statutes of 2006 (AB 32, Nunez)—the

Global Warming Solutions Act of 2006. In its testimony, the DGS indicated that the request fit within the Governor's Green Building Initiative Plan to meet the energy conservation and efficiency goals articulated in Executive Orders S-12-04 and S-20-04, but the Chair requested the department to provide a comprehensive plan for the way in which the request fits within the broader implementation of AB 32. The materials the DGS provided in response to the Chair's request can be found in Appendix A and B.

Although the DGS continues to emphasize the role the Governor's Green Building Initiative plays as a strategy toward meeting AB 32 greenhouse gas emission goals, staff notes that the additional information submitted by the DGS does not significantly clarify how this strategy fits with other AB 32 implementation strategies funded in the Governor's Budget. While in isolation, this request may generally support AB 32 in a fashion that produces more benefit than cost, the Administration has still not demonstrated that the policy promulgated under this request is consistent with other AB 32 implementation strategies or that the benefit-cost ratio of this effort is higher than other strategies to which the state might apply its limited resources.

Given the potential benefits of reducing energy consumption at state buildings, including reduced greenhouse gas emissions and the savings/cost avoidances estimated by the DGS, staff notes that the Subcommittee may wish to send this issue to Conference for additional consideration of the role this proposal would play in the successful implementation of AB 32.

Staff Recommendation: APPROVE the request less $1,000.

VOTE:

2. BCP: Private Consultants for Green Building Initiative. The Administration seeks $3.0 million (Service Revolving Fund) to secure private consultants to pursue Leadership in Energy and Environmental Design rating system for existing buildings (LEED-EB) goals for eleven state office buildings. This energy efficiency goal ties to Executive Order (EO) S-20-04. Consultants will conduct in-depth evaluations of building operations and train building managers on how to operate a more energy efficient building. The cost for this consulting service will be shared by the departments occupying the eleven affected buildings.

Staff Comments: This request is a counterpart to the proposal in Issue #1 and is reflective of the fact that LEED-EB certification is highly technical and requires engineering expertise specific to the performance factors considered for LEED-EB accreditation.

When this issue was heard previously, the discussion focused on how the DGS planned to make the transition from $150/hour consultants to permanent state staff, and the Chair requested the DGS to provide the Subcommittee with a plan for this transition.

The DGS responded as follows:

> *In order to achieve the aggressive schedule we are proposing, DGS anticipates utilizing consultants for LEED-EB certification of 11 buildings in FY 2007-2008, 9 buildings in FY 2008-2009 and 11 buildings in FY2009-2010. By 2010, RESD [the DGS Real Estate*

Division] believes it will have sufficient knowledge to oversee LEED-EB certification for the remaining 20 buildings in its portfolio scheduled over the three succeeding fiscal years (FY2010-11 through FY 2012-13); although we do anticipate an ongoing need for a blend of consultants and internal staff depending on the complexity of the projects. Resources for additional staffing may be requested in a future BCP.

In order to bring the LEED-EB certification processes in-house, DGS will prepare as follows:

- *Train its architectural, engineering, project management and building management staff in LEED-EB;*

- *Work side-by-side with its consultants to learn LEED-EB processes (experience and knowledge-transfer);*

- *Secure certification in LEED-EB for its design, project management and building management staff*

- *Transition LEED-EB certification to in-house staff by 2010-2011*

At the point the consultants drop-off, DGS anticipates additional staff will be required to maintain the LEED certification and training program. In working with the consultants we hope to refine workload estimates for the ongoing program. Initially, we estimate the ongoing program will require:

<u>2010-11 In-House Work Plan</u>

DGS is proposing to assemble 2 LEED-EB Teams. Each team will be comprised of:

1 Architect, 1 Mechanical Engineer, 1 Electrical Engineer. It is estimated that each team can complete 3 buildings per year.

- *1 building = 1800 hrs*

- *2 LEED-EB Teams x 3 buildings per year = 6 buildings per year*

- *6 buildings x 1,800 hrs per building = 10,800 hours per year*

- *10,800 hours per year /1,700 hrs/py = 6.35 pys*

- *10,800 hours x $150.00 hour = $1,620,000/year*

As noted above (in Issue #1), there appear to be potential benefits to the Governor's Green Building Initiative; however, the Subcommittee may wish to send this issue to Conference for additional consideration of the role this proposal would play in the successful implementation of AB 32.

Staff Recommendation: APPROVE the request for three years only, less $1,000 (each year).

VOTE:

8940 Department of the Military

The California Military Department (CMD) is responsible for the command, leadership, and management of the California Army and Air National Guard and five other related programs. The purpose of the California National Guard is to provide military service supporting this state and the nation. The three missions of the California National Guard are to: (1) supply mission ready forces to the federal government as directed by the President; (2) provide emergency public safety support to civil authorities as directed by the Governor; and (3) support local communities as directed by proper authorities. The CMD is organized in accordance with federal Departments of the Army and Air Force staffing patterns. In addition to the funding that flows through the State Treasury, the CMD also receives Federal Funding directly from the Department of Defense.

The Governor's budget funds 780 positions (including 95 new positions) and expenditures as follows:

Summary of Expenditures (dollars in thousands)	2006-07	2007-08	$ Change	% Change
Fund Source				
General Fund	$42,330	$44,829	$2,499	5.9%
Armory Discretionary Improvement Account	146	150	4	2.7
Armory Fund	1,425	0	-1,425	-100.0
Federal Trust Fund	68,544	70,548	2,004	2.9
Reimbursements	15,286	15,610	324	2.1
California Military Family Relief Fund	250	250	0	0.0
Total	$127,981	$131,387	$3,406	2.7%

VOTE-ONLY ISSUE:

1. April Finance Letter: State Active Duty Employee Compensation Increase. The CMD requests $1.3 million ongoing ($596,000 General Fund and $739,000 Federal Trust Fund), to fund State Active Duty (SAD) employee compensation increases granted January 1, 2007 and proposed in the President's budget (estimated to be granted January 1, 2008). State law requires pay for SAD employees be based upon military pay increases granted by Congress.

Staff Comments: Because this request is speculative of a federal pay increase that has not yet been passed, the Subcommittee may wish to adopt the following Budget Bill Language to ensure that the requested funds are provided only upon approval of the pay increase by the federal government.

> Item: 8940-001-0001
> *Provisions:*
> *XX. Of the funds appropriated in this item, $596,000 shall be used to provide*

mandatory employee compensation increases for State Active Duty employees. Of the total amount so appropriated, $294,000 shall provide the remaining half-year funding needed for the compensation increase effective January 1, 2007. An additional $302,000 shall provide half-year funding needed for a compensation increase effective January 1, 2008, and shall only be available for expenditure upon passage of a federal active duty compensation increase in the federal budget. The funds provided in this paragraph shall be expended pursuant to Section 320 and Section 321 of the Military and Veterans Code which requires State Active Duty employees to receive the same compensation increases as their counterparts on federal active duty. Any unspent funds pursuant to this paragraph shall revert to the General Fund.

Item: 8940-001-0890
Provisions:
XX. Of the funds appropriated in this item, $739,000 shall be used to provide mandatory employee compensation increases for State Active Duty employees. Of the total amount so appropriated, $378,000 shall provide the remaining half-year funding needed for the compensation increase effective January 1, 2007. An additional $361,000 shall provide half-year funding needed for a compensation increase effective January 1, 2008, and shall only be available for expenditure upon passage of a federal active duty compensation increase in the federal budget. The funds provided in this paragraph shall be expended pursuant to Section 320 and Section 321 of the Military and Veterans Code which requires State Active Duty employees to receive the same compensation increases as their counterparts on federal active duty.

STAFF RECOMMENDATION ON VOTE-ONLY ISSUE 1: APPROVE the request with Budget Bill Language (above).

VOTE:

DISCUSSION ISSUES:

1. Military Family Relief Fund. The Military Family Relief Fund provides financial aid grants to eligible members of the California National Guard who are California residents and have been called to active duty, under specified conditions. Through a “check-off” on their tax forms, taxpayers may allocate funds for the California Military Family Relief Fund.

The current military family relief tax check-off is effective through 2007. The tax check-off did not meet the minimum annual contribution threshold ($250,000) in 2006 and, pursuant to regulation, the final Military Family Relief Fund contribution year will be 2007.

Staff Comments: At a previous hearing, the Subcommittee approved the staff recommendation to adopt Budget Bill Language on quarterly notices and Trailer Bill Language to shift Military Family Relief Fund funds to the CMD’s Chaplains’ Fund. However, it has since come to staff’s attention that the Subcommittee’s action would not have the effect intended, and may have been premature since the tax check-off still has one year remaining before it sunsets. Although future legislative action may still be required to overcome obstacles to Military Family Relief Fund implementation (noted in a previous agenda), the Subcommittee may wish to use the final year of the check-off to weigh additional options.

Staff Recommendation: RESCIND the previous Subcommittee action on this issue.

VOTE:

2. BCP: Education Assistance Program. The Administration requests $1.7 million General Fund in 2007-08 and $3.3 million General Fund in 2008-09 and ongoing to establish a California National Guard Tuition Assistance Program (TAP) to provide tuition assistance for Guard members and support recruitment and retention efforts.

Staff Comments: At a previous hearing, the Subcommittee heard discussion on this issue, which focused on recruitment and retention within the National Guard. The CMD stated its belief that a tuition program of some type is essential to California National Guard recruitment and retention efforts, while the LAO testified that this proposal would duplicate the existing National Guard Assumption Program for Loans for Education (NG-APLE). The Chair asked the Military Department to work with staff and the LAO to resolve recruitment and retention data discrepancies, but also requested additional clarification on the structure of the proposed program and an explanation as to why the budget process was the proper forum to address this initiative as opposed to the normal policy process.

Subsequent to the hearing, the CMD provided staff with additional information, including a set of "draft" regulations outlining the intended program. The department also clarified that a "spot" bill on the TAP, SB 983 (Correa), was winding its way through the policy process. Although SB 983 was assigned to the Senate Veterans Affairs Committee and approved, it was placed on suspense in Senate Appropriations. Staff notes that the bill did not contain any detail on the structure of the proposed program (for example, language from the "draft" regulations submitted to Budget staff), and never came before staff on the Senate Education Committee. However, in consultations with Budget staff, Education Committee staff indicate the CMD's "draft" regulations are unworkable as written, primarily because they appear to mimic a tuition assistance program from another state that is not suited to California law or practices. For example, the regulations refer to tuition despite the fact that California is a "tuition free" state, and California institutions of higher learning charge fees. Although readily fixed in isolation, according to committee staff, the tuition "issue" was emblematic of a more diverse and widespread set of problems with the regulations as proposed.

Based on the information available at this time, staff has significant concerns that this proposal has not undergone a thorough review in the appropriate policy venue. Rather, the Subcommittee is being asked to decide on a new education policy initiative that is more properly the purview of the Senate Education Committee. Therefore, without prejudice to the need for, or potential benefits of, a tuition assistance program for the California National Guard, staff recommends the Subcommittee deny this request and encourage the Military Department to return in the future with a more fully-vetted policy proposal for the Subcommittee's consideration.

Staff Recommendation: DENY the request.

VOTE:

3. BCP: Military Funeral Honors Program. The Governor's Budget includes $1.8 million (General Fund) and 23.0 positions to provide the additional resources necessary to address increased demand for military funeral honors. Twenty-two of the requested state-funded positions would perform military funeral honors throughout the state and one administrative staff person would train personnel, assign missions, submit reports to the Department of Defense (DOD), and perform other support tasks.

Staff Comment: The Subcommittee previously heard this request and the Chair requested the CMD to respond to staff comments which reflected the following understanding: (1) military funeral honors do not have to be performed by uniformed personnel, but can be performed by a broad cross section of uniformed military personnel; and (2) the department has 13 Active-Guard Reserve personnel with the capacity to perform at least 100 funerals more per month than are currently provided. The department subsequently provided clarification on both of these points.

The previous staff agenda quoted DOD Directive 1300.15, stating:

> *"Authorized providers may include, but are not limited to, Veterans Service Organizations, members of the Reserve Officers Training Corps, and other appropriate individuals and organizations which support the rendering of Military Funeral Honors."*

However, the CMD has since clarified that the above citation applies to "authorized providers" only. Authorized providers are defined as individuals or groups recognized by a Secretary of a Military Department who may "augment the uniformed members of a Military Funeral Honors detail." Thus, staff now agrees with the CMD's contention that the funeral honors ceremony must be performed by at least two "uniformed military persons" who may be any of the following: (1) Active Duty personnel; (2) Reserve/National Guard component members; or (3) military retirees qualified by active or Reserve component honor guard personnel. Contrary to staff's previous understanding, State Military Reserves do not meet the above criteria and would not therefore fulfill the requirement for two uniformed military persons.

Regarding the 13 Active-Guard Reserve referenced in the March 8 agenda, the department indicates that only 9 are currently assigned to funeral honors. The reason for the discrepancy has to do with the fact that the number of federally funded Active-Guard Reserve has shifted downward since the data referenced in the March 8 agenda was originally reported by the State Auditor in 2004. According to the CMD, the primary responsibility of these Active-Guard Reserve is the training of units at state armories; however, their redirection to funeral honors duty threatens to adversely impact Guard readiness. Therefore, 9.0 of the positions requested would supplant these positions and allow them to return to their training duties.

According to the CMD, requests for military funeral honors have grown steadily since 2001 when the DOD required all organizational entities within the DOD to conduct funeral services. That year there were 2,345 requests (or approximately 195 per month), whereas the CMD now reports receiving between 900 and 1,000 requests per month. The department indicates this increase reflects a number of factors, including rising mortality rates among World War II and Korean War-era veterans, as well as the effects of the current war in Iraq.

Given that the existing 49 staff engaged full-time in the funeral honors program are able to conduct between 600 and 650 honors per month, the Military needs to perform between 55 and 66 percent more funeral honors per month. Assuming the Military is to return 9 staff (as mentioned above) to armory training duties, the request for 23.0 additional positions represents a 58 percent increase and appears to be consistent with the workload data provided.

As the current increase in requests for funeral honors is at least partially demographically driven, the Subcommittee may wish to approve these positions on a limited-term basis and/or approve Budget Bill Language to require the department to report on these trends so that staffing levels can be reduced in the future as appropriate.

Staff Recommendation: APPROVE the request on a two-year limited-term basis.

VOTE:

4. BCP: Service Member Care. The Administration requests $165,000 General Fund ongoing and one psychologist position to establish a full-time mental health care capability. The proposed position will provide emergency crisis counseling, referral and personal support, combat stress evaluations, and other mental health support. Unlike California law enforcement agencies, the CMD has no full-time support system in place for service members and the federal government offers no long-term mental health benefits for National Guard members.

Staff Comment: When this issue was heard previously, the Subcommittee noted that 1.0 position appeared insufficient to address the needs of the more than 20,000 members of the California National Guard, and the Chair requested the CMD to provide a proposal to cover all California National Guard personnel. In its response, the CMD stated its intent to use the requested mental health provider position to coordinate and oversee the activities of the 38 mental health professionals provided by to the California National Guard by the U.S. Department of Defense under the Tri-West pilot medical program. However, the CMD additionally estimates that when the Tri-West pilot program ends, four Combat Stress Teams comprised of four personnel (a Psychologist, a Chaplain, and their assistants) would be necessary to provide geographic coverage to the entire state—two teams in Southern California and two in Northern California. According to the CMD, a Combat Stress Team services a Brigade-sized unit in the active duty military (5,000 troops).

While the CMD has provided an estimate of the state-funded resources that would be necessary to provide mental health care to California National Guard (CNG) members, staff notes that the proposal before the Subcommittee represents an opportunity for the state to leverage available federal resources at a fraction of the cost of a fully state-funded alternative. In the meantime, the CMD indicates that the proposed position can help the state to better identify CNG mental health requirements in anticipation of the need to provide a fully state-supported system in the future.

Staff Recommendation: APPROVE as budgeted with Budget Bill Language requiring the Military Department to report on the mental health service needs of the California National Guard and the staffing requirements to meet those needs.

VOTE:

Control Section 4.26: Elimination of Boards or Commissions

Staff Comments: This item was approved on a vote-only calendar in a previous hearing; however, staff has since learned that several of the boards and/or commissions proposed for elimination under this control section are still necessary. Therefore, the Subcommittee should rescind its previous action and delete Control Section 4.26. Elimination of unnecessary boards or commissions can take place through trailer bill language.

Staff Recommendation: Rescind the previous Subcommittee action and delete Control Section 4.26.

VOTE:

Control Section 35.60: Transfer of Budget Stabilization Account to the General Fund

Proposition 58, approved by the voters in the March 2004 primary election, enacted a balanced budget requirement, established a process for the Governor to declare a fiscal emergency and call the Legislature into special session to take mid-year corrective action to keep the budget in balance, and also created the Budget Stabilization Account (BSA).

Staff Comments: The primary purpose of the BSA is to act as a multi-year budget stabilization tool. The California Constitution requires 1 percent of estimated General Fund revenues must be transferred to the BSA in 2006-07, 2 percent in 2007-08, and 3 percent in 2008-09 and annually thereafter, until the BSA reaches the greater of $8 billion or 5 percent of General Fund revenues. The constitution allows the Governor to suspend transfers to the BSA, but the Governor must act to do so by June 1 of the prior fiscal year. Also, while the Economic Recovery Bonds (ERBs) are outstanding, half of the annual transfers to the BSA (up to a cumulative total of $5 billion) are appropriated to accelerate their repayment.

The constitution provides that once funds are in the BSA they may, by statute, be transferred into the General Fund. The intent was to require a specific action by the Legislature in order to reach into the BSA, so that it would be separate from the regular General Fund reserve.

The Governor's budget estimates that about $2 billion will be transferred to the BSA in 2007-08, of which half would go towards repayment of the ERBs and the remainder ($1 billion) would remain in the BSA. The total balance in the BSA would be about $1.5 billion (after the debt service payment), including a carryover balance from the current year of $472 million. In addition, the Governor's budget projects a General Fund reserve of $590 million.

Control Section 35.60 would allow the administration to transfer any amount from the BSA to the General Fund in order to maintain a "prudent" General Fund reserve, as determined by the Director of Finance.

Staff notes that if the Governor feels it necessary to have a larger reserve in the General Fund itself, then he can suspend the BSA transfer. Instead, the administration is asking for this language, which would effectively make the BSA part of the regular General Fund reserve from the administration's point of view. If General Fund revenues fall short during the year, Control Section 35.60 would enable the administration to use BSA funds to maintain its spending priorities without Legislative approval, so that the Governor could direct the funds to protect his spending priorities, but not necessarily those of the Legislature. This would be inconsistent with the intent of Proposition 58. Eliminating Control Section 35.60, as the Legislature did in the 2006-07 Budget, would require enactment of legislation to use the BSA, and would maintain the intent of Proposition 58.

Staff Recommendation: Delete Control Section 35.60.

VOTE:

APPENDIX A – DGS Response to Chair's Request for a Comprehensive Plan on the Way in Which the Green Building Initiative Fits Within the AB 32 Implementation (Discussion Issue #1)

Subject: Senate and Assembly Budget Hearing Questions; Green Building Initiative

The Green Building Initiative (EO S-20-04) is a strategy for attaining AB 32 Greenhouse Gas (GHG) emission reduction targets. The Climate Action Team Report (Cal EPA, March 2006) identifies the California Green Building Initiative as a critical strategy for reducing GHG emissions, primarily through the reduction of electricity usage in commercial and institutional buildings. The CAT Report estimates 0.5 million metric tons (MMT) CO2E emissions can be reduced by 2010 and 1.8 MMT by 2020 through measures implemented in state-owned buildings. These GHG reductions correspond to the GBI goal of reducing grid-based electricity purchases 20 percent by 2015.

Commercial buildings use 36 percent of the state's electricity and the production of this electricity accounts for over 22 percent of the GHG gas emissions in the state. The USEPA Energy Star Program states that optimizing energy performance in buildings is the primary means of lessening environmental impacts.

Other goals of the GBI also offset the emission of GHG's, and are being addressed through the Leadership in Energy and Environmental Design (LEED) program by the implementation of measures to include water efficiency, waste stream diversion; use of environmentally preferable products, reducing automobile use, encouraging renewable and alternative energy sources, etc.

The Green Building Initiative outlines a plan for the implementation of Energy Efficiency and GHG Reduction Measures. The Green Building Order (S-20-04) and accompanying Green Building Action Plan outline goals and objectives to reduce grid-based energy usage and GHG emissions in commercial and institutional buildings. The goals, objectives, and the actions that are underway, comprise a comprehensive plan to improve the overall performance of the state's new, existing and leased buildings. The overall standard used to measure performance is LEED certification.

For new buildings, this ensures the state considers Life Cycle Cost in overall building design and that all new buildings meet strict standards for energy efficiency and environmental performance. The assessment for efficiencies in the Life Cycle Cost of a building is based on a savings goal over the life of a building of not less than 10 percent more than the total cost of the project.

For existing buildings, this includes the optimization of existing building systems for energy efficiency, the upgrading of equipment to more efficient models, providing alternative transportation, encouraging on-site renewable and alternative energy, reducing and managing waste, the use of environmentally friendly and energy efficient products, etc.

For leased buildings, this includes leasing Energy Star compliant buildings, and actions underway to attain LEED certification.

The action plan being undertaken by DGS for its new, existing and leased buildings is intended to meet the objectives for the GBI and AB 32 and includes:

- Benchmarking state-owned and leased buildings to measure energy usage calculate CO_2 emissions and track progress.
- Retro-commissioning to optimize existing building systems, provide immediate energy savings of at least 8 percent, and reduce GHG emissions.
- Retro-fits of more efficient equipment to achieve at least 12 percent energy savings and accompanying GHG reductions.
- Implementation of LEED measures to reduce waste, improve the use of environmentally friendly products, reduce transportation, and reduce the environmental footprint of buildings.

<u>Several funding alternatives are being considered for life-cycle refresh efforts including:</u>

The DGS is working to identify funding alternatives. The below includes examples already approved, or under investigation by the department.

- The use of the Golden State Marketplace (GS $Mart) financing for energy efficiency upgrades. This use has been approved by the DOF along with a Life Cycle Cost Assessment Model for evaluating potential projects.
- The use of utility incentives to offset the cost of Retro-commissioning and Retrofit projects. Currently, the state has a partnership with the California Investor-owned utilities for up to $17 Million in incentives for energy efficiency projects for the years 2006-2008. In addition, PG&E and SMUD have agreed to fund several Retro-commissioning projects pending the state agreeing to implement energy efficiency measures identified by those projects. Coordination is underway with the CPUC to expand this support for the next CPUC-funded Energy Efficiency Program funding cycle for the years 2009-2011.
- The redirection of Public Goods moneys paid by state agencies into a CPUC-funded account that can be used to directly fund state building energy efficiency and clean on-site generation projects.
- Departments could fund the up-front costs of Retro-commissioning and Retrofits. Then as savings materialize the department would be able to retain those savings providing reimbursement for the initial investment and an incentive to participate in the program.

I. The Green Building Initiative Implementation Plan

The Executive Order S-20-04 and the Green Building Action Plan identified five primary initiatives to promote green buildings and energy efficiency:

1. **Leadership in Energy and Environmental Design for New Construction and Major Renovations (LEED-NC)**

   The LEED-NC rating system defines a leadership position for designing and building commercial, institutional, and government buildings in a way that produces quantifiable benefits for occupants, the environment and their owners. Targeting the design phases of a building, LEED-NC addresses the environmental impacts of site and materials selection, demolition and construction.

LEED–NC promotes improved practices in the integrated design approach from start to finish (commissioning), site selection and development, water and energy use, environmentally preferred construction products/finishes/furnishings, waste stream management, indoor environmental quality, and innovation in sustainable design and construction.

Green building practices substantially reduce or eliminate negative environmental impacts. These design and construction measures have proven to significantly reduce operating costs, increase worker productivity, require local purchasing, require use of recycle content materials, and require the diverting of waste product to landfills.

Pursuant with the Green Building Action Plan, "a*ll new State buildings and major renovations of 10,000 sq. ft. and over and subject to Title 24 will be designed, constructed and certified at LEED-NC Silver or higher, (or LEED-EB as applicable.) … Building projects less than 10,000 sq. ft. shall use the same design standard, but certification is not required."*

2. **LEED Rating System for Existing Buildings** (**LEED-EB**).

LEED for Existing Buildings maximizes operational efficiency while minimizing environmental impacts. It provides a recognized, performance-based benchmark for building owners and operators to measure operations, improvements and maintenance on a consistent scale. LEED for Existing Buildings is a road map for delivering economically profitable, environmentally responsible, healthy, productive places to live and work.

Pursuant with the Green Building Action Plan "a*ll existing State buildings over 50,000 square feet shall meet LEED-EB standards (including meeting an Energy Star rating of at least 75, or equivalent established by the CEC) by no later than 2015 to the maximum extent cost-effective…."*

3. **Benchmarking.**

The goal of this initiative is to implement a Web based benchmarking tool that will also contain energy usage and cost information for State facilities back to January 2003. This tool can then support other programs that will be relying on this information, such as LEED-EB, the Climate Change Initiative, and tracking energy use reductions based on retro-commissioning and energy retrofit activities. The current Web based tool being employed by the program is the ENERGY STAR™ Portfolio Manager which is managed by the US EPA.

Pursuant with the Green Building Action Plan "a*ll occupied State-owned buildings, beginning no later than July 2005 and completed by 2007, shall be* *benchmarked for energy efficiency, using guidelines established by the CEC…. Building managers of low-rated buildings shall prepare a plan to undertake cost-effective efficiency retrofit projects."*

4. **Retro-commissioning.**

Existing-building commissioning, also known as retro-commissioning (RCx), is an event in the life of a building that applies a systematic investigation process for improving or optimizing a building's overall performance and the way it's maintained and operated. The RCx process most often focuses on dynamic energy-using systems with the goal of reducing energy waste, obtaining energy cost savings, and identifying and fixing existing problems. Although RCx may include recommendations for capital improvements, the primary focus is on using O&M tune-up activities and diagnostic testing to optimize the building systems.

Pursuant with the Green Building Action Plan, *"all State buildings over 50,000 square feet shall be retro-commissioned, and then re-commissioned on a recurring 5-year cycle, or whenever major energy consuming systems or controls are replaced. This will assure that energy and resource consuming equipment is installed and operated at optimal efficiency.*

5. **Energy Star Leasing.**

Pursuant with the Green Building Action Plan, *"DGS and other State agencies will seek out and select whenever cost-effective State facility leases for spaces of 5,000 square feet or more in buildings that meet a minimum U. S. EPA Energy Star rating whenever such spaces are cost-effective and meet the State's programmatic needs, beginning in 2006 for new leases, and beginning in 2008 for renewal leases.*

II. Estimated Costs

- **LEED-NC**
  - The estimated cost of LEED-NC Silver ranges from 1% - 3% of the construction cost. (According to the United State Green Building Council (USGBC), the estimated cost is 1.9%.)

- **LEED-EB**
  - The estimating methodology employed in DGS' BCP is cost per credit. It takes 45 credits to attain LEED-EB Silver certification. At an assumed 40 hours per credit x $150/hour this equates to an average cost of $270,000 per building. The cost for the eleven buildings in the BCP is $2,970,000.
  - The USGBC methodology is cost per square foot. Based upon a USGBC analysis of three buildings, conducted in 2003-2004, the estimated cost was $1.00/square foot. The cost for the eleven buildings based upon this methodology would be $2,945,896.

- **Benchmarking**

- No cost data is available since DGS used internal resources and available utility data.

- **Retro-commissioning**
  - The average estimated cost for retro-commissioning is $0.85/square foot. The additional cost for energy retrofit will be based upon measures identified to achieve a 12% reduction in energy consumption ($1.15 - $2.15/square foot). Please see the Attachment E, the draft 5-year Retro-commissioning schedule for state-owned buildings.

- **Energy Star Leasing**
  - No cost data

III. Return on Investment

- **LEED-NC:** Per the USGBC, the estimated annual ROI on LEED-NC Silver is estimated to be 25% - 40% over the life of the asset.

- **LEED-EB:** Per back-up information for the GBI, the estimated annual ROI on LEED-EB certification is $0.58 per square foot. This includes savings realized from Retro-commissioning, energy retrofit projects and improved building operations and maintenance.

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- **Benchmarking**
  - N/A. Data will be used to measure reductions in energy consumption and green-house gas reduction.

- **Retro-commissioning**
  - Conservative estimates of energy savings derived from RCx are 8%. The estimated energy savings needed from subsequent energy retrofit projects is 12%, thus achieving the 20% reduction goal in grid-based purchases. The estimated annual ROI derived from RCx is $0.28/square foot.

- **Energy Star Leasing**
  - Leased structures that implement LEED-NC, LEED-EB and RCx, should experience comparable ROI's where applicable.

APPENDIX B – Additional Green Building Information from DGS (Discussion Issue #1)

LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN Existing Buildings – (LEED-EB)

Goal and Objectives: Realize the goal of 20% efficiency improvement comprised of 8% savings from retro-commissioning and 12% savings from hardware investments (energy retrofits) of current energy usage. Implementing LEED-EB into building's operation and maintenance results in energy, water, and waste cost savings in the management of the state owned building portfolio.

Estimates of Return on LEED-EB Investment – Three Sources
The DGS has investigated several industry estimated energy efficiency saving models to identify potential return on investment.
Three examples follow:

1. **(USGBC) The Unites States Green Building Council** provides estimates based on the data compilation of three buildings in a pilot LEED-EB program with realized efficiency savings of about \$0.58 per square foot (SF). Of that \$0.58, 75% or \$0.435 is attributed to energy related savings per fiscal year (FY). They included 75% energy related savings, 15% to solid wastes and the remainder to indoor environmental, water, and site. The average costs of LEED-EB were cited at a \$1.00/sf. Specifics of the measures implemented were not offered and our actual costs may vary from the USGBC cited examples.

Fiscal Year	Square Footage	LEED-EB Efficiency Savings at \$0.58 SF/YR	Energy Related Savings at \$0.435 of Current Energy Usage[1]
2007/08 (11 buildings)	2,946,000	\$1,708,400	\$1,285,510
Six FYs (07/08-12/13) (51 buildings)	14,940,000	\$8,665,200	\$6,498,900

LEED-EB savings are estimated to be 75% energy related,15% related to reduced solid waste, and the remaining savings to indoor environmental quality, site vegetation, and water.

2. **KEMA-XEnergy,** an energy consulting firm, estimates energy related savings of about \$0.34/SF/FY as follows:

3.

Fiscal Year	Square Footage	$0.34 SF/YR Current Energy Usage
2007/08 (11 buildings)	2,946,000	$1,001,640
Six FYs (07/08-12/13) (51 buildings)	14,940,000	$5,079,600

[1] The USGBC estimate is based on the total LEED generate savings, including energy.

4. **<u>The California Energy Commission (CEC)</u>** estimates energy related savings of about $0.42/SF/FY as follows:

Fiscal Year	Square Footage	$0.42 SF/YR Current Energy Usage
2007/08 (11 buildings)	2,946,000	$1,237,320
Six FYs (07/08-12/13) (51 buildings)	14,940,000	$6,274,800

- **<u>LEED – EB Non-Energy Benefits</u>**
  Non-energy resource benefits are estimated by the California Environmental Protection Agency (CAL-EPA) LEED-EB building compliance as reflected in the following:

Benefit	Cost Savings Per Square Foot	<u>FY 07/08</u> 11 Buildings Over 20 years	<u>Six (6) FYs</u> 51 Buildings (07/08-12/13) Over 20 years
• **<u>Emissions</u>**	$1.18	$3,476,280*	$17,629,20
• **<u>Water</u>**	$0.51	$1,502,460**	$7,619,400
• **<u>Waste</u>**	$0.03	$88,380***	$448,200

(*) CO^2 Emissions 49,624,000 pm – Per EPA Energy STAR
(**) The USBC-LEED report indicated water reduction usage by 30%
(***) One time construction

- **<u>Indoor Air Quality</u>**
  USGBC- LEED reports productivity gains of up to 16% due to reductions in absenteeism, a 60% reduction in employee turnover, and overall improved work quality. In a thirty (30) year building cost life cycle that includes construction,

operations and maintenance, employee salaries constitutes 92% of overall commercial building costs.

- **Climate Registry System– AB-32**
  LEED-EB process assembles climate registry data including;
  1. Identifying emission sources.
  2. Review management systems.
  3. Verify emissions- Mobile combustion (boilers, turbines, combustion engines).
  4. Employee travel, commuting.
  5. Waste stream, product disposal.
  6. Reporting Kyoto gasses

- **LEED –EB Designated Buildings Total BTU Utility Usage 07/08 (11 Buildings) – EPA Energy Star**

Fiscal Year	Eleven Buildings Square Footage	Energy Cost $ Per Year	12% Savings of Current Energy Usage
2007/08	2,946,000	$3,897,345	$467,681

- **Total Utility Usage For 51 Buildings in Each of the Following Years:**

Year	KWH Annual Usage
2003	182,532,173
2004	191,280,855
2005	186,680,818
2006	189,986,970
TOTAL	**750,480,796**
12% Savings of Current Energy Usage	90,057,695

Nine buildings of the fifty-one buildings are non-DGS owned and are not currently benchmarked within the DGS managed portfolio.